

# U.S. Small Business Administration

## FAQS: FREQUENTLY ASKED QUESTIONS

### West Virginia FAQs

#### 1. Does the SBA offer Grants?

At this time, Congress has not set aside any monies for grants to start and/or expand a small business. SBA's [grant programs](#) generally support non-profit organizations, intermediary lending institutions, and state and local governments in an effort to expand and enhance small business technical and financial assistance. For a snap shot of SBA loan programs, visit [SBA's financing](#) site. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

#### 2. What is a Small Business?

In making a detailed definition [SBA](#) may use a number of criteria, including the number of employees, annual receipts, affiliates, or other applicable factors. These specific criteria are set forth in the SBA Small Business Size Regulations, Title 13, Part 121 of the Code of federal regulations. SBA has established a size standard for most industries in the economy. Visit the [Size Eligibility](#) for additional information. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

#### 3. What are the Credit Factors?

Every application needs positive credit merits to be approved. These are the same credit factors a lender will review and analyze before deciding whether to internally approve your loan application, seek a guaranty from SBA to support their loan to you, or decline your application all together. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

#### 4. How do I put together a loan proposal?

Once you have a written [business plan](#), you are now ready to approach your Local [Small Business Development Center](#) for counseling and training assistance or your choice of lenders for questions and assistance in financing your business. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

#### 5. How do I apply for an SBA Loan Guarantee?

Whether you are applying for a microloan, SBA guaranteed loan or a traditional bank loan, similar information is required to complete a loan package. You contact a local lender and tell them you want to apply for an SBA guaranteed loan. Be prepared to discuss your proposal in detail. Go to SBA's [Loan Package Checklist](#) for detailed items that you will need to bring to lender.

SBA has provided applications to all lenders that actively participate with us. Many forms are also available online at [www.sba.gov/library/forms](http://www.sba.gov/library/forms). The lender will then forward your loan application and a credit analysis to SBA. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

#### 6. How does the SBA guarantee loan program work?

Under the guaranty concept, commercial lenders make and administer the loans. The business applies to a lender for their financing. The lender decides if they will make the loan internally or if the application has some weaknesses which, in their opinion, will require an SBA guaranty if the loan is to be made. The guaranty which SBA provides is only available to the lender. It assures the lender that in the event the borrower does not repay their obligation and a payment default occurs, the Government will reimburse the lender for its loss, up to the percentage of SBA's guaranty. Under this program, the borrower remains obligated for the full amount due. SBA acts like an insurance agency and provides a guarantee to the bank.

Since this is a bank loan, applications must be submitted to the bank and monthly loan payments are paid to the bank. The bank is also responsible for closing the loan and disbursing the loan proceeds. SBA's involvement is limited to reviewing the loan application submitted by the bank to assure they meet eligibility and credit standards. SBA provides the bank with a written Authorization outlining the conditions of the SBA guarantee.

To increase your chance for success, take the time up front to explore and evaluate your business and personal goals. Then use this information to build a comprehensive and well-thought-out business plan that will help you reach these goals. The process of developing a business plan will help you think through some important issues that you may not have considered yet. Your plan will become a valuable tool as you set out to raise money for your business. It should also provide milestones to gauge your success.

If you would like assistance preparing your business plan, please contact our [West Virginia SCORE](#) office; [West Virginia SBDC](#) offices; or contact your local [Chamber of Commerce](#). (SCORE) Counselors to America's Small Business, is a volunteer program sponsored by SBA that offer expert advice based on their many years of firsthand experiences and shared knowledge, on virtually every aspect of business. SBA in partnership with state and local government, the educational community and the private sector also sponsor the [Small Business Development Centers \(SBDC\)](#). SBDC offers counseling and training to prospective and existing small business owners.

Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

#### **7. What is collateral?**

To the extent that worthwhile assets are available, adequate collateral is required as security on all SBA loans. However, SBA will generally not decline a loan where inadequacy of collateral is the only unfavorable factor. [Collateral](#) can consist of both assets which are usable in the business and personal assets which remain outside the business. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

#### **8. What type of collateral do I need for a loan?**

Repayment ability from the cash flow of the business is a primary consideration in the SBA loan decision process but good character, management capability, collateral and owner's equity contribution are also important considerations. All owners of twenty percent (20%) or more of the business are required to personally guarantee the SBA loan. The SBA does not deny approval for an SBA guaranty loan solely due to lack of collateral; however, it can be used as a reason, in addition to other credit factors.

You must pledge sufficient assets, to the extent that they are reasonably available, to adequately secure the loan. Repayment ability from the cash flow of the business is a primary consideration in the SBA loan decision process but good character; management capability, collateral and owner's equity contributions are also important considerations. All principal owners of the business are required to personally guarantee the SBA loan. SBA will generally not decline a loan where inadequacy of collateral is the only unfavorable factor. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

#### **9. What is the interest rate on SBA loans?**

SBA does not set the interest rate on the loans, only the maximum rate the bank may charge. The actual rate is negotiated between the lender and the borrower. For more information on SBA's interest rates, please see: [Interest Rates Applicable To SBA Loans](#). Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

#### **10. If there is no break on the interest rate, why should I bother with the paperwork for a guaranteed loan?**

SBA's financial assistance programs are designed to provide assistance to businesses that cannot

obtain financing at reasonable rates and terms elsewhere. By having a SBA guaranteed loan, you are afforded the opportunity of having lower monthly payments due to the extended repayment term. SBA loans also may have a fixed rate of interest and a fixed monthly payment, which allows the business to better control expenses. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**11. How long do I have to repay an SBA loan?**

The repayment term is generally between five and twenty-five years depending on the life of the assets being financed and the cash needs of the business. Working capital loans (inventory and accounts receivable) should be repaid in five to ten years. The maximum loan maturity for real estate is 25 years and 10 years for equipment. The SBA also has short-term loan guarantee programs. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**12. Need help starting a Home-Based business or for your current home business?**

We have put together the [top sites for home-based businesses](#). Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**13. Are there any loan programs for Veterans?**

Even though SBA has not been given money for direct funding, Veterans are eligible for special consideration under SBA's guaranty loan programs. In West Virginia, contact Tom White, SBA's Veterans Service Officer at (304) 623-7446 or e-mail: [thomas.white@sba.gov](mailto:thomas.white@sba.gov) and visit SBA's [Veterans Web Site](#). Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**14. Where can I learn about how to sell my product or service to the federal government?**

Contact West Virginia's SBA Government Economic Development Specialist: Melissa Loder at (304) 623-7448 or e-mail: [Melissa.loder@sba.gov](mailto:Melissa.loder@sba.gov).

The U.S. Government is the world's largest buyer of goods and services. Purchases by military and civilian installations amount to about \$170 billion a year, ranging from complex space vehicles to paper clips, janitorial services to cancer research. In short, the government buys just about every category of commodity and service available. Visit SBA's [Government Contracting Business Development](#) site for more information or contact West Virginia's SBA Government Economic Development Specialist: Melissa Loder at (304) 623-7448 or e-mail: [melissa.loder@sba.gov](mailto:melissa.loder@sba.gov). Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**15. What programs assist Socially and Economically Disadvantaged Businesses?**

The SBA administers two particular business assistance programs for small disadvantaged businesses. These programs are the [8\(a\) Business Development Program](#) and the [Small Disadvantaged Business \(SDB\) Certification Program](#). While the 8(a) Program offers a broad scope of assistance to socially and economically disadvantaged firms, SDB certification strictly pertains to benefits in Federal procurement. Companies which are 8(a) firms automatically qualify for SDB certification. For additional information on this program, visit [8\(a\) Business Development Program](#) or the [Small Disadvantaged Business \(SDB\) Certification Program](#) sites or Contact West Virginia's SBA Government Economic Development Specialist: Melissa Loder at (304) 623-7448 or e-mail: [Melissa.loder@sba.gov](mailto:Melissa.loder@sba.gov). Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**16. How do I get HUBZone certified?**

The HubZone Empowerment Contracting Program encourages economic development in historically underutilized business zones, through the establishment of federal contract award preferences for small businesses located in such areas. To learn more, visit our [HubZone site](#) or Contact Melissa Loder at (304) 623-7448 or e-mail: [Melissa.loder@sba.gov](mailto:Melissa.loder@sba.gov). Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**17. What about buying insurance for my business, what type do I need?**

This information is published by the State of West Virginia under the [Office of the Insurance Commissioner](#). It will provide the current statutes for West Virginia's Insurance Code. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**18. Where is information on licensing?**

Permits are required for individuals, partnerships, corporations, or other organizations to make retail sales or rentals of tangible personal property or retail sales of taxable services in West Virginia, unless the seller is exempted from taxation. Information on Licensing is located at [Licensing Information](#). Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**19. How do I get an "Employer ID Number" (EIN) also known as a federal tax identification number?**

This is handled by the [Internal Revenue Service](#). Generally, businesses need an EIN. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**20. How do I name my business?**

Do you name your business as a general partnership or sole proprietor, what about incorporated or doing business as. Regardless of the decision you make, you need to fill out the appropriate Wyoming paper work. Visit West Virginia's [Secretary of State](#) site to see what you need to do. Go to [www.sba.gov/wv](http://www.sba.gov/wv) for more information about small business in West Virginia.

**21. Additional Information?**

The SBA Answer Desk has a national toll-free number providing information to the public on small business problems, concerns and general information. You may contact the U.S. Small Business Administration's [West Virginia District Office](#) at: (304) 623-5631 or 800-767-8052, extension 8; or e-mail: [wvinfo@sba.gov](mailto:wvinfo@sba.gov). Business Information Assistants are also available to speak with you between the hours of 9:00am and 5:00pm (East Coast Time). Call 1-800-827-5722. Outside of these hours, you may hear a recording of the information 24 hours, seven days a week. You may also e-mail questions about SBA programs to the [SBA Answer Desk](#).

For more answers, we have compiled [Frequently Asked Questions](#) on various topics within the Small Business Administration.

For information on local training seminars, visit [West Virginia's Calendar](#).

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